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IN THE

Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD., *et al.*,

Petitioners,

v.

APPLE INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF *AMICI CURIAE* OF 50 INTELLECTUAL PROPERTY PROFESSORS IN SUPPORT OF PETITIONERS

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INTEREST OF *AMICI*

Amici are law professors at schools throughout the United States. We have no personal interest in the outcome of this case, but a professional interest in seeing that patent law develops in a way that encourages rather than retards innovation and creativity. No one other than the undersigned wrote or funded any portion of this brief. Institutional affiliations are given for identification purposes only. Both parties have consented to the filing of this brief.

SUMMARY OF ARGUMENT

Despite Samsung's own patents, its engineering and design work, and the fact that technologies developed by Google and countless other inventors are incorporated in Samsung's phones, the Federal Circuit affirmed the jury's damages award of Samsung's entire profit from phones that were held to infringe Apple's design patents. Under the Federal Circuit's reading of 35 U.S.C. §289, design patent infringers, unlike infringers of copyrights, trademarks, or utility patents on technical inventions, are liable for their entire profits from an infringing product, even if the patented design is only a minor feature of that product.

That draconian rule is in conflict with both the Second's and Sixth Circuit's statutory interpretations, dates back more than a century to circumstances that no longer apply today, and is inconsistent with this Court's rule for utility patent damages. As applied to a modern, multicomponent product, the entire profit rule drastically overcompensates design patent owners, undervalues

technological innovation and manufacturing know-how, and raises troubling questions about how to handle other potential claims to a share of the defendant's profits. The rule applies even to innocent design patent infringement, which recent Federal Circuit infringement precedent has rendered more likely.

Section 289 should be read, in accordance with wise policy and the remainder of the patent statute, to limit the award of profits to those attributable to infringement of the design patent.

ARGUMENT

I. The Federal Circuit's Decision Not to Apportion Profits Produces Absurd Results

A. The Origin and Context of Section 289

Patent law has long included a damages apportionment principle. While early patents tended to be on fairly simple machines or chemical inventions, the industrial revolution brought patents on small parts of large, multicomponent inventions, such as locomotives. When courts awarded damages or defendant's profits for infringement of such patents, they awarded damages attributable to the patent rather than to the defendant's product as a whole. In *Garretson v. Clark*, for example, this Court said the patentee "must in every case give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented feature and the unpatented features . . . ." 111 U.S. 120, 121 (1884).

In the nineteenth century, design patents were treated no differently. In the *Dobson* cases, involving carpets, this Court found that, while the design patents at issue had been infringed, there was no evidence by which a factfinder could distinguish the value of the patented design from the value of the unpatented carpet itself. As a result, the Court ultimately awarded only nominal damages of $0.06. *Dobson v. Dornan*, 118 U.S. 10, 18 (1886); *Dobson v. Bigelow Carpet Co.*, 114 U.S. 439 (1885); *Dobson v. Hartford Carpet Co.*, 114 U.S. 439 (1885). That result incensed many.

In 1887, when Congress rewrote the Patent Act, it responded to these concerns by passing a new provision addressing design patent infringement. That provision set a floor of $250 for design patent damages and made a defendant "further liable for the excess of such profit over and above" $250. Act of Feb. 4, 1887, ch. 105, § 1, 24 Stat. 387, 387. The 1887 Act made defendants liable only for knowing acts of design patent infringement, mitigating any potential unfairness of the 1887 Act's damages rule. As Representative Butterworth put it, "no man will suffer either penalty or damage unless he willfully appropriates the property of another." 18 CONG. REC. 836 (1887). The House Report, meanwhile, assured that "an innocent dealer or user is not affected." H.R. REP. No. 49-1966, at 4.

B. Awarding a Defendant's Entire Profits Makes No Sense in the Modern World

The design patent damages provision remains, albeit in substantially modified form, in what is now section 289 of the Patent Act. Nowadays, however, design patent infringement, like utility patent infringement, is

a strict liability claim, no longer requiring the knowing appropriation emphasized by Congress when passing the 1887 Act.

Congress's 1887 assumption that "it is the design that sells the article"[1] may still be true of carpets, but it surely is not true of all products covered by design patents today. The likelihood that a product incorporates more than one patented design is much greater than it was in 1887. Design patents on virtual features, such as icons, are particularly likely to overlap, and there are more and more of them. Jason J. Du Mont & Mark D. Janis, *Virtual Designs*, 17 STAN. TECH. L. REV. 107 (2013) (documenting the growth of virtual design patents). If there is more than one patented design in a product, the assumption that any particular patented design drives the sale of the product falls apart.

That is what has happened in this case. Here is one of Apple's many design patents on its iPhone.[2]

1. H.R. REP. NO. 49-1966, at 3 (1886), *reprinted in* 18 CONG. REC. 834 (1887).

2. U.S. Patent No. D618,677. fig.1 (filed Nov. 18, 2008).

Here is another Apple iPhone design patent.[3]

It is (barely) possible to argue with a straight face that it is the shape and overall ornamental design of the iPhone, rather than its functionality, that motivates consumers to buy it. It is not even remotely plausible that the shape of the Apple iTunes icon is what motivates people to buy the whole iPhone. And it literally cannot be the case that the phone shape patent and the iTunes icon patent are *each* the sole driver of a consumer buying the phone. Notably, all of the patents Apple asserted in this litigation cover discrete parts, rather than the entire phone. And while these patents on different aspects of the iPhone's design happen to be owned by the same company, there is no reason to think that the same will always be the case for similarly complex products.

Further, awarding the defendant's entire profit based on a plaintiff's small contribution to a product's value would cause significant mischief, as this Court noted in *Seymour v. McCormick*, 57 U.S. 480 (1853):

3. U.S. Patent No. D668,263. fig.1 (filed Oct. 8, 2010).

> If the measure of damages be the same whether a patent be for an entire machine or for some improvement in some part of it, then it follows that each one who has patented an improvement in any portion of a steam engine or other complex machines may recover the whole profits arising from the skill, labor, material, and capital employed in making the whole machine, and the unfortunate mechanic may be compelled to pay treble his whole profits to each of a dozen or more several inventors of some small improvement in the engine he has built. By this doctrine even the smallest part is made equal to the whole, and 'actual damages' to the plaintiff may be converted into an unlimited series of penalties on the defendant.
>
> We think, therefore, that it is a very grave error to instruct a jury 'that as to the measure of damages the same rule is to govern, whether the patent covers an entire machine or an improvement on a machine.'

Id. at 490-91. The result of applying that rule is that a design patent on a small component of a product gives the patentee "undue leverage" over the unpatented components. *eBay, Inc. v. MercExchange LLC*, 547 U.S. 388, 396 (2006) (Kennedy, J., concurring).

Nor does all, or even most, of the value of a product normally come from patented designs. People don't buy iPhones for their appearance alone; they buy them for their functions. Those functions contribute substantially to the phone's value and they are covered by many utility patents.

Indeed, by one estimate, there are 250,000 patents that arguably cover various aspects of a smartphone.[4] To conclude that one design patent drives the purchase of the product, and therefore that the defendant's entire profit is attributable to infringing that patent, is to say that none of those functional features contribute anything to the value of the phone – a ludicrous proposition.

Indeed, for most products (excluding, say, fashion) it is more plausible that a functional feature covered by a utility patent drives demand than that a patented design feature does. Yet even utility patent owners rarely are awarded damages based on the entire value of the product. In the rare case where that does happen, the utility patent owner must have proved that the patent was the basis for market demand. *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1318 (Fed. Cir. 2011). The Federal Circuit's interpretation of section 289 requires no such proof. It simply assumes that the only valuable thing about a product is its design. That assumption is not plausible in the modern world. *See* Mark A. Lemley, *A Rational System of Design Patent Remedies*, 17 STAN. TECH. L. REV. 219, 233 (2013).

II. Section 289 Does Not Require Disgorgement of Profits Unrelated to the Patented Design

The proper interpretation of section 289 should consider the provision as a whole. Section 289 currently reads in its entirety:

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4. *See* David Drummond, *When Patents Attack Android*, GOOGLE OFFICIAL BLOG (Aug. 3, 2011), http://googleblog.blogspot.com/2011/08/when-patents-attack-android.html.

> Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied ***shall be liable to the owner to the extent of his total profit***, but not less than $250, recoverable in any United States district court having jurisdiction of the parties.
>
> Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, ***but he shall not twice recover the profit made from the infringement***.

35 U.S.C. §289 (emphasis added).

Section 289 does say that a defendant is "liable to the owner to the extent of his total profit." Read literally, that general language might permit damages beyond profits from the sale of the infringing product. Nonetheless, basic principles of remedies law require a plaintiff to show some connection between the damages and the infringement. As the Seventh Circuit put it in the copyright context, a plaintiff must do more than simply say it wants all the money that defendant made from whatever source. *Taylor v. Meirick*, 712 F.2d 1112, 1122 (7th Cir. 1983) ("If General Motors were to steal your copyright and put it in a sales brochure, you could not just put a copy of General Motors' corporate income tax return in the record and rest your case for an award of infringer's profits.").

That basic principle has been applied in design patent cases as well. Indeed, in one early design patent case, in which the defendant sold refrigerators with door latches that infringed the plaintiff's patent, the court refused to award the entire profits from refrigerators, instead defaulting to the $250 statutory minimum because the latch was not sold separately. *Young v. Grand Rapids Refrigerator Co.*, 268 F. 966, 973-74 (6th Cir. 1920). The court required a connection between the design patent and the profits awarded, and held that the owner of a patent on a latch was not entitled to the entire profit on the refrigerator. Similarly, the court in *Bush & Lane Piano Co. v. Becker Bros.*, 222 F. 902 (2d Cir. 1915) opined:

> The question which seems to have received little attention upon the accounting, due probably to the form of the decree, is whether the profits made by the defendant should be the entire profits of the sales of the piano and case or the profits upon the sale of the case which alone is the sole subject of the patent. We are of the opinion that the latter rule should have controlled the accounting.

Id. at 903; *see also* Lemley, *supra*, at 235; Frederic H. Betts, *Some Questions Under the Design Patent Act of 1887*, 1 YALE L.J. 181 (1892).[5]

The final paragraph of section 289, prohibiting double counting of the defendant's profits and the plaintiff's

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5. *But cf. Untermeyer v. Freund*, 58 F. 205 (2d Cir. 1893), to the contrary.

losses, also supports apportionment of design patent profits. In defining "double counting," the statute refers to the defendant's profits measure as "the profit made from the infringement." 35 U.S.C. §289. That language clearly contemplates some kind of apportionment: the profit at issue in a design patent case is not the defendant's total profit, or even defendant's total profit from a single product, but the profit "made from"—that is, causally derived from—"the infringement."

Further evidence in support of that interpretation comes from another change to the statutory language. The 1952 Patent Act deleted language from the original statute awarding profits "made by him from the manufacture or sale, as aforesaid, of the article or articles to which the design, or colorable imitation thereof, has been applied." That original language suggested that the profit to be awarded was that associated with the articles as a whole, rather than only that profit attributable to the patented design. The deletion of that language, coupled with the reference in the second paragraph to "profits made from the infringement," suggests an interpretation of section 289 that awards only those profits attributable to the patented design.

That conclusion comports with the law of disgorgement of profits in other areas. Before disgorgement of profits was abolished as a remedy for utility patents in 1946, courts confronted the same issue they do under section 289. The law presumptively made infringers liable for *all* the profits from the infringing device. *City of Elizabeth v. Pavement Co.*, 97 U.S. 126 (1877). Nonetheless, in *Westinghouse v. Wagner Electric*, 225 U.S. 604 (1912), this Court made clear that

> there are many cases in which the plaintiff's patent is only a part of the machine and creates only a part of the profits. His invention may have been used in combination with valuable improvements made, or other patents appropriated by the infringer, and each may have jointly, but unequally, contributed to the profits. In such case, *if plaintiff's patent only created a part of the profits, he is only entitled to recover that part of the net gains.*

Id. at 614-15. The same should be true for design patents.

CONCLUSION

This Court should reverse the Federal Circuit's interpretation of section 289 and limit the award of profits to profits attributable to the patented design.

Respectfully submitted,

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